

# **NEW HAMPSHIRE STATE LIQUOR COMMISSION**

## **MINUTES OF MEETING – JANUARY 3, 2003**

**PRESENT:** Commissioners Anthony Maiola and Patricia Russell; Craig Bulkley, Bureau Chief of Administrative Services; Howard Roundy, Director of Information Technology; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; John Larochelle, Assistant Director of Store Operations.

**EXCUSED:** Chairman John Byrne; John Bunnell, Administrator of Marketing & Sales; Peter Engel, Director of Store Operations; George Tsiopras, Chief Accountant

### **I. FINANCIAL & ADMINISTRATIVE REPORTS**

#### **A. Financial Reports**

##### **1) Weekly, Y-T-D Sales Reports:**

The SA1000 report for the week ending December 29, 2002 shows retail sales were up 21%, on-premise sales were down –12.7, off-premise sales were up around 32%, and total aggregate sales were up 19.6%. The traffic count was up by 27,379, and the average sales ticket increased by \$4.70.

The W-1 Total Weekly Sales report for the past week confirms total sales were up 19.6% or \$1,584,475 for the week, compared to 11.59% during the same week last year. They were also up for the year by 4.85% or \$8,846,143, compared to about 5.93% last year. Weekly wine sales increased by approximately 19.8% or \$766,892, while they were up slightly by 8.6% or \$6,955,668 compared to 7.8% last year. Sales of spirits were up almost 19.4% or \$817,583 for the week, and were also up year-to-date by 1.87% or \$1,895,111, compared to 5.38% recorded at this same point last fiscal year.

##### **B. Budget Reports:**

A review of the latest Outstanding Depletions and Post-Offs as of December 31, 2002 shows that the broker who was in arrears has now paid their outstanding invoices.

The current W-6 Expense Budget Activity Variance Report indicates the year is at 50.41% complete, with total agency expenditures at around 52%. Workman's Compensation costs is one of the main issues.

All of the paperwork has been received from SST/GT for the financial software. The contract will now have to go to the Attorney General's Office for signature, then to DITM for approval and finally to Governor and Council as soon as the transfer request is approved by Fiscal Committee in January or at the first meeting in February.

Val Hamilton of Risk Management visited Store #76 Hampton with George Liouzis as part of the workman's compensation study. A written report will be provided to the Commission, including suggestions as to what can be done to reduce the number of workman compensation claims.

The first conference call with Paymentech was held yesterday. Implementation of the gift card and debit and credit programs were discussed. Several issues were raised which will be dealt with separately by the appropriate people. Further talks will be held at least once a week. Craig expects that a gift card module will be sent to us that can then be tested by IT.

2. IT Report

Howard said there had been a meeting with Law Warehouse regarding the web. It was decided that the Commission would develop the actual payment page involved, with Law providing directions to this page.

Otherwise, everything has been running quietly in IT.

**II. MARKETING & SALES REPORTS**

1. Store Operations

A. Customer Service Training Proposal:

This item was tabled until next week's meeting to be presented upon Peter Engel's return.

John Larochelle said that there would be some background work to do in the stores to prepare them for implementation of the new card programs. This will include a transition from Fleet Bank and FDMS.

John also mentioned the following: All stores will be taking inventory either next week or the week following. There will be two wine training sessions coming up in the future. The next supervisors' meeting has not yet been scheduled.

2. Purchasing Report – None given.

3. Merchandising Report

A. SPIRITS:

1) Price Increase:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve increases in price for four (4)

Special Value Brand products, to become effective with the quarterly February 2003 price change (Monday, January 27, 2003), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Test Market:

a. Test Market Recommendation (Jim Beam Black, 750ML):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that a request from United Beverages, Inc./Future Brands for a new test market listing for Jim Beam Black, 750ML size, be removed from the agenda pending further review. The motion was unanimously adopted.

b. Test Market Recommendation (Turi Vodka, 750ML):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Bacardi USA for a new test market listing for Turi Vodka, 750ML size (assigned four-digit #3530), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Letter of Appeal (Viking Fjord Vodka):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission grant a letter of appeal from United Beverages, Inc. regarding the delisting of Code #3536, Viking Fjord Vodka, 750ML size on December 5, 2002, and that this product be granted a specialty listing. The motion was unanimously adopted.

3) One Time Buy (Tequila Rose Liqueur, 50ML):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve an offer from Martignetti Companies of N.H./McCormick Distilling Company, of a one-time special purchase of Tequila Rose Liqueur, 50ML size (assigned four-digit Code #5043), to be distributed to Cluster 1, 2 and 3 stores only, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

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4) Special Offers for March 2003 (46 items – United Beverages, Inc.):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions of forty-six (46) spirit items, to be featured on sale during March 2003, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) Proposed Wine Sale for April 2003:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the placement of all Californian wines, any size, on sale at 10% off the purchase of 12 or more bottles for the April 2003 wine sale (March 24 through April 27, 2003), as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) New Wine Product Listings:

a. General Distribution (Code #19244):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc. for general distribution of Code #19244, Riesling Trimbach, 750ML size, as this product has earned a gross profit of at least \$6,500 during a twelve-month period, the majority of which has been in the retail and on-premise markets, to be initially distributed to Cluster 1 and 2 stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. General Distribution (6 codes – Martignetti):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve requests from Martignetti Companies of N.H. for general distribution of the following six (6) wine products, each of which has earned a gross profit of at least \$6,500 during a twelve-month period, the majority of which has been in the retail and on-premise markets, as recommended by Nicole Horton, Wine Marketing

Specialist and concurred by John Bunnell, Administrator of Marketing & Sales: Code #35375, Cabernet Sauvignon Hess Estate Napa Valley, Code #35785, L'Attitude 39 Fife Mendocino Red and Code #35793, Zinfandel Fife Uplands Mendocino, 750ML sizes, to be initially distributed to Cluster 1 and 2 stores; Code #32368, Pinot Noir Cavit Delle Venezie, 1.5L size, Code #33988, Chardonnay Cavit Trentino, 1.5L size, and Code #35797, Chardonnay Penfolds Rawsons Retreat, 750ML size, to be initially distributed to Cluster 1, 2 and 3 stores. The motion was unanimously adopted.

c. Not Recommended for Full Distribution (Code #31789):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission deny a request from E&J Gallo Winery/Pine State Trading Company for full distribution of Code #31789, Cabernet Sauvignon Livingston Cellars Cal., 3L size, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Special Offers for March 2003 (2 items – R.P. Imports):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from R.P. Imports, based upon depletions of two (2) wine products, to be featured on sale during March 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Recommended Wine Specialty Products (9 items):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve nine (9) wine items to be designated as wine specialty products, to be carried in wine specialty stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Primary Source Submissions (14 items – exclusive agent; 16 items – imported):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the listing of fourteen (14) wine

codes which are not from primary source, but are offered by the exclusive marketing agent and sixteen (16) wine codes which are not from primary source, but are imported, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**III. ENFORCEMENT & LICENSING REPORTS – None.**

**IV. CHAIRMAN'S REPORT & LATE ITEMS**

1. Bailment Requests:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated December 20, 2002 through January 3, 2003. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items:

a. Martin Luther King/Civil Rights Day – Monday, January 20, 2003:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve store openings and staffing patterns for Martin Luther King/Civil Rights Day, Monday, January 20, 2003, as recommended by Peter Engel, Director of Store Operations and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

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Anthony C. Maiola, Commissioner

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Patricia T. Russell, Commissioner

